TELLS THE FACTS AND NAMES THE NAMES

CounterPunch

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How the Economy was Lost

By Paul Craig Roberts

In *The Collapse of British Power*, the final volume of his *Pride and Fall* trilogy about Britain's collapse as a world power, Correlli Barnett writes: "The fundamental factor in the total strategy of a nation lies in industrial and commercial performance, for it is this which determines power and wealth alike." Barnett concludes that the British people and their leaders failed to confront reality. Instead, they locked "Britain in a fateful pattern of national overambition coupled with industrial underperformance." Britain's influence died with its economy, and a former superpower became an American dependency.

Whose dependents will Americans become? The American people and their "leaders," if that is an applicable term, have an even feebler grasp on reality than the 20th century British.

America's leaders think, or tell us that they think, that the U.S. can have a superpower's economy when millions of good jobs that were the backbone of the middle class are instead given to foreigners. As America's ability to make things of value moved to China and India, America's economists provided reassurances that this was good riddance. The "New Economy" would take the place of the old, and the United States would maintain its dominance by financing everything that was made elsewhere. The profits from financing the world's production would pay the bill for the imports on which Americans had become dependent.

The paper money economy took the place of the real economy. But, of course, the Wall Street banksters did not hire the millions of laid-off blue collar manufacturing workers or pay the taxes that had sustained the workers' communities.

ROBERTS CONTINUED ON PAGE 2

Knowing Better, But Doing Worse

Housing Poor People in Obama Time

By JoAnn Wypijewski

It probably wasn't generally noticed that one of the few places to be safe outdoors in the early afternoon of February 10 on New York's Lower East Side was on the walkways leading to, from and around the neighborhood's public housing projects. The city's experience of "Snowmageddon 2010" was a disappointment for catastrophists but no less treacherous than the ordinary snowfall for the middle-aged man supporting himself on two canes, or the old woman pushing one of those shopping carts that doubles as a walker in New York, or the young hipster who pooh-poohed the blizzard warnings and stepped out that morning as usual in her Tory Burch flats. The hipster ruined those $200 shoes picking through the mess that private landlords had allowed to collect up First Avenue, and the old woman got jolted every time her cart, now the crudest sort of plow, was balked by the piling snow. The man with two canes proceeded precariously along Third Street toward Avenue A, but halfway down the block his chances of avoiding a fall got better because America's oldest public housing project offered one of its many gifts to the people of New York: cleared sidewalks.

Seventy-five years ago, when Mayor Fiorello LaGuardia and Eleanor Roosevelt dedicated the First Houses, as they are called, no one doubted they were a gift. Only 122 apartments, but many of the 3,800 people who applied to get into one were homeless. Those who had homes often did not have indoor plumbing, proper ventilation, light. All of them were poor, but then most of America was poor.

Before this L-shaped row of buildings between Third and Second streets was remade into public housing, it was part of the vast slum holdings bequeathed to Vincent Astor, "the richest boy in the world," once his father, John Jacob VI, went down with the Titanic. The Great Depression unmasked the vicious frailty of the housing market, but Washington dawdled in extending relief. A New York housing activist, Langdon Post, secured the tenements from Astor, money and Works Progress Administration labor from the federal government, and initiated the effort that would result in eight five-story brick buildings, detached for light and air and united by a charming, tree-lined courtyard, which workers were also clearing on that recent snowy afternoon.

From this seed in 1935 grew the largest public housing authority in the country, NYCHA, with 2,607 buildings today, representing 178,554 units, housing as many as 600,000 people. Uniting it and other public housing agencies in the country is the Department of Housing and Urban Development, HUD, which owns no property but which houses, by virtue of its funding, about 4.6 million people, in everything from single-family residences to high-rise towers. Most of these people are extremely poor or just plain poor. Think about it: in 2006, the median income of NYCHA households was $14,784; the average income of new residents entering public housing in the Lower East Side was $25,000. The latter amount does not qualify as poor by the books, but it doesn't go far in the ordinary commerce of life. New York is jammed with such almost-poverty-level/

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When the next jobs to move offshore were the intellectual skill jobs of university graduates – engineers, designers, researchers, information technology workers – Wall Street was not a place of alternative employment for these university graduates. Not many people are needed on Wall Street to create fraudulent financial instruments and to sell them to trusting pension funds and overseas banks.

The "New Economy" was just another lie. Why did they lie to us. The answer is: for profits.

In brief summary, this is how the economy and the economic prospects of Americans were lost: Wall Street and investor advocacy groups pressured U.S. companies to "enhance shareholder returns," which means to drive up share prices – a benefit for Wall Street as well. Policymakers in Washington aided and abetted this process by passing legislation that limited tax deductible (for the company) executive pay to one million dollars unless it was performance related, that is, unless it drove up share prices.

The collapse of world socialism and the rise of the high-speed Internet created a new way to "enhance shareholder returns" and to create "performance-based" multimillion dollar bonus pay packages – substitute cheap foreign labor for U.S. labor.

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Thus, beginning in the 1990s, the U.S. economy began losing jobs. As has happened for decades, "long-term discouraged" workers were not counted as unemployed.

Consequently, the reported unemployment rate is a fiction. When the government tells you today that the unemployment rate is 10 per cent or 10.2 per cent, the government is lying through its teeth. Moreover, the government knows that it is lying. The Bureau of Labor Statistics releases another unemployment rate, one seldom reported in the media. Currently, this rate, which counts some of the discouraged workers, stands at 17.3 percent. John Williams at Shadowstats.com says the current real rate is 22 percent.

Here are facts that the American "free media" do not tell you:

• One fifth or more of Americans are unemployed.

• There are no jobs for the unemployed.

• Stimulus programs and bailouts of Wall Street banksters cannot create jobs for unemployed Americans. As Americans lose their jobs and homes, they cease to be consumers. Thus Stimulus programs do not reach them.

In America, nothing is important except profits. People don't count. Jobs for people don't count.

• As Americans are now an import-dependent people, employed Americans who are reached by stimulus programs boost employment abroad, where goods and services sold in the U.S. are produced.

• In the 21st century, the U.S. economy has been able to create net new jobs only in nontradeable domestic services. The main areas of job growth have been waitresses and bartenders, hospital orderlies and those in social assistance, sales, and construction prior to the housing crash. These are not the promised "New Economy" jobs.

• The offshoring of jobs that produce goods and services sold in the U.S.A. has about doubled the U.S. trade deficit, putting pressure on the U.S. dollar as world reserve currency. We pay for the imports of our own companies' goods and services by transferring ownership to foreigners of American companies, real estate, bonds, and even toll road revenues. Foreigners now own long-term leases on Illinois and Virginia toll roads, which divert revenues from those states to foreign pockets. This worsens the current account deficit, thus, in effect, adding to the trade deficit.

• The debt pressures are undermining the U.S. dollar as reserve currency. If the dollar loses this role, the U.S. won't be able to pay its import bill. Living standards in the U.S. would plummet.

The offshoring assault on U.S. manufacturing has destroyed most of the labor unions, making the Democrats dependent on the same financial and corporate lobbies as the Republicans, thus merging two parties into one.

Wall Street has controlled the U.S. Treasury and the Federal Reserve since the Clinton administration. Government policymakers are permitting small financial institutions to fail but not large ones, thus leading to financial concentration. More power for the few.

Wall Street is richer than ever, paying out six- and seven-figure 2009 bonuses while millions of Americans lose their homes and their jobs.

No health care is available for these dispossessed Americans, because in America health care must be private. Thus, the Washington's solution to a health care crisis is to require those who cannot afford health care to purchase a health care policy from a private insurance company. The government intends to subsidize the purchase of the private health insurance by taxing those who can afford health insurance and by cutting Medicare benefits that Americans have paid for with taxes over their working life.

The "health care initiative" has been transformed into 30 million new customers for private insurance companies.

In America, nothing is important except profits. People don't count. Jobs for people don't count. What counts is that a tiny percentage of the population receives most of the income. **CP**

Dr. Roberts is a former university professor, *Wall Street Journal* editor, and assistant secretary of the U.S. Treasury. His latest book, *How The Economy Was Lost*, has just been published by CounterPunch/AK Press.

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actually-poor people facing market rents of $1,200 if they're lucky, which is why NYCHA has a waiting list of 130,058 families. Across the country the numbers change, but the circumstance is the same: too few options for too many people without enough money. And that's the problem because Americans, even some in the poor category themselves, don't like poor people and have been thoroughly trained to believe that anything that might assist poor people can never, ever be a gift to everyone.

Congress *really* doesn't like poor people. That was the basic message that HUD's secretary, Shaun Donovan, and his associates gave to about 50 public housing residents and advocates invited to a meeting in Washington, D.C. on January 20. Now, Donovan and Co. do like poor people: here they were meeting with some, paying for their travel, putting them up in a hotel, giving them per diem expenses, leveling with them about the hard realities of politics. What they said, in essence, was the following : "We never get enough money; Congress will never give it to us, and public housing has such a stigma that going to lawmakers, year after year, begging for it is just shooting ourselves in the foot. We need to do something new, and we want your 'input.'"

The residents and advocates had been skeptical before arriving at HUD; there were rumors about a major transformation afoot that might change the nature of public housing and weaken tenant protections. These fears were allayed as they were told that changes would come but nothing was final, there would be more chances to comment, and, whatever came to pass, as Assistant Secretary Sandra Henriquez said, public housing residents would go to sleep at night and wake up the next morning not noticing any difference. Mainly, they were told, what HUD was trying to do was consolidate its funding stream, now split along thirteen different programs, three operating divisions, 4,200 public housing agencies, 17,000 private owners and hundreds of nonprofits.

Less than two weeks later, though, on February 1, when the president delivered his budget for fiscal 2011, his requests for HUD glossed over the funding stream issue and announced a new program, with yet another funding stream – an initiative for "major steps toward the transformation of HUD" that seemed to confirm all the rumors that had been swirling before the January meeting. A day or two later, Secretary Donovan made a point of announcing that his team had consulted with residents and others before taking a bold step into the future, one that appears to follow the well-trod path of putting public assets at the mercy of private interests and weakening residents' protections.

In New York, my colleagues at Good Old Lower East Side (GOLES), a housing justice organization that I've been involved with since 1980, were livid. What did this mean? Details were thin. And why hadn't HUD been straightforward with residents? Damaris Reyes, a daughter of Lower East Side public housing and now GOLES' director, had been at the HUD meeting with Lisa Burris, who grew up in the projects and now heads GOLES' public housing organizing. "I'm a firm believer that what you don't hear is what's important," Damaris said. "In the budget, while they talk about all the things that make the program sexy and salable – tenant mobility, leveraging private capital – they don't say anything about the issues we raised: about no more loss of public housing, about preserving our rights and protections, about shielding public housing from the abuses of the private market."

Americans, even some in the poor category themselves, don't like poor people and have been thoroughly trained to believe that anything that might assist poor people can never, ever be a gift to everyone.

"You're damned if you do and damned if you don't participate," Lisa interjected. "If you don't, you're shut out; and if you do, they do their best to use you. They smile in your face; they even took a picture."

A little explanation is necessary before discussing the still crude outlines of HUD's latest version of "transformation," a term that has been used for decades to describe the steady dismantling of public housing and that ought to bring all lovers of humanity out to the barricades every time it is uttered. But there are no barricades – even with mass unemployment and spiking homelessness, even with rampant housing insecurity and the absolute, proven incapacity of the market system to meet the basic needs of society – partly because, when it comes to public housing, what "everyone knows" has been shaped by the bad faith of the self-appointed transformers and their megaphone in the press.

In fact, public housing has become a lot like health care, a simple issue – shelter from the storm, home – made so baroque that except for certified experts it is understood well only by residents, whose painfully intricate knowledge of the workings of the bureaucratic state doesn't count for much and whose organizations, until recently, were not well coordinated nationally.

When it began, public housing was simple. It would provide homes and it would provide jobs. Langdon Post may have had to push a recalcitrant New Deal to invest in renovating Astor's slums to create the First Houses, but, by 1936, when those apartments got their first tenants, FDR was inaugurating the Techwood Homes in Atlanta, the first project built from the ground up. The government built so many of these projects because they were so successful, and after World War II they were the open doors to huge numbers of returning veterans. They were stuck in the muck of segregationist America, North and South, but however tall they rose, they were not stuck in the public imagination as poverty towers, even if most of the residents didn't have much money. Often, they weren't put in the most desirable locations. Who knew that, decades after Robert Moses lined it with projects, the Lower East Side waterfront would twinkle in the eye of Manhattan real estate developers. Or were they particularly sensitive to any notion of "place," which now is somehow broadly associated around the country with luxury lofts, townhouse living, throwback streetlights and a ersatz suburbanism. True enough, the construction unions were racist, and more than 1,000 people were displaced to create the Lower East Side's two biggest projects; but about 7,000 people had homes when those were completed. At

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issue, fundamentally, were the priorities of government – urban employment and housing.

Back then, such priorities weren't losing out across the country to highways, suburban home-building and urban clearance, which almost always involved leveling neighborhoods, building a lonely project, throwing up parking ramps, and screwing black people. The Great Society made public housing a poverty program, only without the investment in transportation, job creation and neighborhood preservation, without the consciousness of a good society that might have unwound poverty instead of wrapping it tighter on its own windswept plains.

I'm always struck by the faith in architecture to improve or destroy man's life chances. Aesthetically, I've never been particularly drawn to the modernist high rise, but there's nothing intrinsically debilitating about it. If there were, new luxury high rises – near subways and bus lines, near colleges and theaters, and a multitude of improving or diverting spots, with zippy elevators and doormen and maintenance crews, with price tags and cultural propaganda that every minute of every day pound out a beat, "This is good, this has value" – would not have pocked every major city and a lot of minor ones for years before the latest crash.

For public housing, it might have been better to follow the design model of the First Houses, but it would definitely have been better not to disinvest, which, once the War on Poverty was lost, is exactly what President Nixon did.

Enter Nixon and Section 8

His HUD put a moratorium on building, but it also instituted a program, commonly called Section 8, which provides public subsidies to private landlords to house poor people. The combination of disinvestment to starve public assets and transfer payments to feed private ones set the conceptual and policy trajectory for every administration that followed.

The priorities of government were recalibrated. Public housing authorities became conduits for state support of private real estate interests to the point where, today, more money goes into Section 8 than into all of public housing. Benefits are typically either tenant-based, meaning an individual or family receives a voucher that can then be used to shop for housing in the private market, or project-based, meaning a landlord, company or nonprofit receives subsidies attached to particular units or whole complexes. In the one case, the vouchers are mobile and wrapped in the language of limitless horizons: Housing Choice Vouchers. In the other case, HUD enters into a contract with the landlord, usually for ten to twenty years. In both cases, as in public housing projects, tenants are expected to pay about 30 per cent of their income in rent; the voucher covers the difference up to a set amount. (Section 8 has also been used to spur homeownership and resultant foreclosure, but that's another story.)

Naturally, landlords receiving project-based subsidies have the whip hand. Before the crash in housing prices, as their contracts neared expiration, many of them complained that the real estate boom had made renewing with HUD undesirable; they could make more on the open market. Since an expired contract would mean calamity for existing tenants, with likely eviction and homelessness, hence political failure, HUD renegotiated the contracts upward. Under the new terms, some New York landlords began getting close to $3,000 a month for apartments renting for about a third of that before the contracts expired. The apartments are the same, and the tenants pay the same as they had before, but the landlord gets the gravy and the government gets the bill.

Clinton's technocrats gave their programs virtuous names, Hope VI and the Quality Housing and Work Responsibility Act, and, with them, they basically transformed HUD into a demolition agency and social control unit. The result: more than 92,000 units of public housing were destroyed.

There has been no such inflation of personal vouchers. So, though technically a household has mobility, in fact, its "choice" is confined to areas where rents are low. If people can find a landlord who will accept their voucher, they sometimes have to come up with a security deposit and pay utilities as well – costs that they do not bear in public housing. Increasingly, poor people's only options are on the periphery of central cities, farther from transit, amenities and services, often in older, run-down suburbs, while young professionals, tired of suburbs and long commutes, have rediscovered the joys of urban life.

Their joy has been multiplied by the steady disappearance of the public housing of brick and mortar, the projects, which have been consistently underfunded since the 1970s. For these, every housing authority in the country has two funding streams from HUD: one for operations and one for capital improvements. Neither stream flows full. Until last year NYCHA, for instance, had been getting only about 83 per cent of its operating costs, and that is not counting 21,000 units that are ineligible for federal funds and unsupported by government at any level. In terms of capital needs, HUD admits that there is a $20-$30 billion backlog of unfunded improvement projects nationwide. As Damaris at GOLES puts it, "Not enough money for public housing equals not enough repairs and modernization, not enough services, which equals poor conditions, which equals a good argument for tearing it down." The argument gained powerful force in the Reagan/Bush "welfare queen" years, and after two decades of strategic disinvestment and the potent examples of some truly harrowing projects, it beheld its victory with Clinton's technocrats.

They gave their programs virtuous names, Hope VI and the Quality Housing and Work Responsibility Act, and, with them, they basically transformed HUD into a demolition agency and social control unit. The result: more than 92,000 units of public housing were destroyed; only some dispossessed residents found homes in the smaller, "mixed" developments that went up, because HUD isn't committed to one-for-one replacement; people still living in the projects are compelled to perform "community service," as if they were criminals; they are subject to

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a "one strike and you're out" rule, whether they've been convicted of a felony or just love and live with someone who has; and every minute of every day the cultural propaganda, which both helped make their setting what it is and relays it back to them in caricature, pounds out a beat, "You are bad, you are worthless."

Bush disapproved of Hope VI but only on technicalities, and HUD's transformative acts across his eight years took the form of austerity budgets for public housing projects and a few experiments, under the rubric "Moving to Work," to eliminate them entirely. By 2007, the country had lost 170,000 units of public housing in ten years. Chicago demolished 13,000 units under Hope VI. Minneapolis demolished more than half of its family public housing stock. New Orleans had no more public housing by 2009: 4,800 units gone. Los Angeles had drawn up plans to dispose of all of its public housing stock. Atlanta, with a greater percentage of its population living in public housing than any city in the country in the 1990s, had used the occasion of the Olympics to send in the bulldozers. Between 1994 and 2004, it had eliminated 17,000 units, and, by 2008, it was on track to become the first city to demolish all of its public housing and essentially to privatize the undertakings of its housing authority, which now calls itself "a diversified real estate company, with a public mission and purpose."

The Atlanta Housing Authority's corporatist director, Reneé Glover, had been under consideration for the job of HUD secretary under Barack Obama. An alumna of Yale, former Wall Street lawyer, blunt advocate of liberation through demolition, she has been among the legions of academics, policy peddlers and government officials who made careers pushing the idea that something about a lot of poor people gathered in one place, the "concentration of poverty," is pathological. Two years ago, looking ahead to the demolition of Atlanta's last projects, Glover announced, "This closes the door on warehousing families in distressed communities and poverty."

She didn't get the HUD job. Maybe because just beyond the shiny new mixed-income, mixed-finance downtown communities that the AHA has engineered with private developers, Atlanta is a basket case, battered by job loss, foreclosure, groaning homeless shelters, and a shortage of housing that people can afford. In this city, where America's first public housing project was built, only 17 per cent of former public housing residents have been able to find a place in the AHA's new model communities. The rest have taken Section 8 vouchers and disappeared into the only places they could find, reconcentrating with other poor people in government-subsidized, privately owned properties in the highest-poverty neighborhoods of Atlanta.

"Deconcentrating poverty" has been HUD's gospel, regardless of the party in power, for at least twenty years. But, clearly, it isn't concentration that bothers the proselytizers so much. "There's no concern about deconcentrating wealth,"

Atlanta, with a greater percentage of its population living in public housing than any city in the country in the 1990s, had used the occasion of the Olympics to send in the bulldozers.

Lisa Burris quips. It isn't even poverty as a condition that bothers them, since that is quite essential to the whole game. No, it's the people themselves, the residents of public housing, who are – according to those proselytizers – sick and breed sickness when they are bunched together and, most important, visible.

Assuming the stance required of his role, Obama's man at HUD, Shaun Donovan, gave a brisk history of public housing last July at the National Press Club, in which he concluded, "It wasn't that the housing units were substandard – not at first, anyway. Not in comparison to what they had replaced. It was the communities themselves that were substandard."

He might as well be Reneé Glover. And in a sense he is, because they have the same ideological lineage: the commitment to subsidize the private market; the de-emphasis, as Donovan phrased it, on "output, the sheer number of units," in favor of "outcomes" (smaller scales, public-private/nonprofit-for profit partnerships, mixed incomes, tenant choice); the zeal for leveraging private capital, easing regulation and adopting a private-sector business model to management; the rhetoric of "building community" as opposed to securing housing, always assuming that there is no community in the projects. Donovan used the occasion to unveil HUD's Choice Neighborhood Initiative, a patchwork of all its recent predecessors that has yet to get far off the ground but aims to "link housing interventions more closely with school reform and early childhood innovation."

It sounds so pleasant, innovation, until you remember those hundreds of thousands of people on public housing waiting lists across the country, and the many more whose material conditions – the leak in the roof, the lock on the door, the reliability of the elevator, the chance that the roof and the lock and the elevator won't even be there next year – are subject to HUD's erratic funding. The problems are still Depression problems, housing and income, but HUD seems most energized about building better people through sound business practices, which is the worst of two worlds.

Before going to Washington, Donovan had headed New York City's Department of Housing Preservation and Development, so he knows that, in New York at least, the cash-strapped housing authority performs pretty well and, far from being some version of *Blade Runner*, the projects haven't even inhibited gentrification at their heels in Manhattan and Brooklyn. Not so long ago they had community centers and health clinics, cooling centers and senior centers, childcare, job training and youth centers. They are also mixed along the income scale, partly by design and mostly because, even as residents' incomes rise, the private market is so tight and so expensive that a family in the projects earning $50,000 has no more realistic options than it had when it was earning $25,000. As in the private market, young people return from college and move back in with their parents because that's the only way they can stay in the city. Donovan suggested some of this to his audience at the Press Club. In the late 1980s, he pointed out, the National Commission on Severely Distressed Public Housing found that only 6 per cent, 86,000 units, of the country's then-1.3 million public housing units were severely distressed.

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"Yet in the public's mind, the name 'Cabrini-Green' and the terrible images it conjured had become synonymous with public housing generally." And so, he didn't have to say, HUD has no choice but to fall in line with popular prejudice.

It is that style of approach, knowing better but doing worse – a style that is now the most defining feature of the Obama administration – that characterizes the HUD officials' latest transformative effort. They say that continuing to starve public housing risks losing more units, but they also prop up the stigma that makes it so hard to get funding. Section 8 is easier to fund; so, they say they will borrow the best aspects of Section 8, giving housing authorities a set subsidy per unit to cover operating expenses and making personal vouchers part of the equation, because who doesn't like choice? They say nothing about embracing the best aspects of public housing. The president's budget cuts its capital fund by $456 million. It cuts housing for the elderly and disabled, probably half the population of the projects, by almost $700 million. It increases project-based Section 8 and vouchers by more than $2 billion.

The Great "Transformation" in Obama Time

Barbara Sard, Donovan's senior adviser for rental assistance, formerly with the liberal Center on Budget and Policy Priorities, has been touting vouchers as a solution for the housing problems of the poorest families for at least a decade. These have become HUD's single largest form of rental assistance, but Sard is in no way unaware of the numerous structural obstacles to achieving their promised geographic and social mobility. An article she wrote in *Cityscape* in 2001 reviews those obstacles in excruciating detail and outlines, even more excruciatingly, policies to overcome them. Considered in its own time, the article reads like the mutterings of someone who's been in a maze for so long that she no longer recognizes a straight path to daylight; nine-years later, it seems positively mad. The old, the lame, and women with children don't take vouchers and go movin' on up like the Jeffersons. Yet, Sard and her cohorts hype "the option [for public housing residents] to 'vote with their feet'" as part of HUD's new Transforming Rental Assistance initiative.

That initiative would use $350 million to convert 300,000 public housing units into some new Section 8-like mutant. It is just a start, the beginning of "restructuring core programs" that would result in a leaner, less regulated, supposedly more efficient and sustainable affordable housing system. What "public" would mean, besides the money, is unclear. How funding would be both tied to each unit, as in project-based contracts, and portable, as in the tenant-based vouchers, with no loss of income to the housing project if residents decide to walk away, is not explained. Key to the whole deal appears to be its enabling housing authorities to leverage their properties for private financing (presumably bank mortgages) to cover capital expenses. What regulations would apply is unaddressed. Whether residents will have a meaningful say in the first "voluntary" phase of the program or in anything that follows is unclear.

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"Tenant protections are weaker under Section 8 and there is no mandate or resources for tenant participation," Damaris said. "The operative words are 'shall' and 'may'. In Section 8 housing, the landlord may, may, may; in public housing, the housing authority shall, shall, shall. So, we're worried that if the law is changed and this new funding stream gets instituted, we may be losing existing organizing rights and protections for residents. We're also worried that leveraging for private financing puts buildings at risk of foreclosure. Residents have a real stake in change; so, the question is how do we truly have a chance to shape it to preserve our homes, our communities and our rights?"

Funding for public housing was better under Obama's FY2010 budget than it had been in years. It was still not enough to cover expenses, but it was a clear advance, and billions of dollars in stimulus money also went for various infrastructure work in the projects. Now, the wheels are spinning in reverse and, under the banner of deficit reduction, "doing more with less," there is five per cent less in the HUD budget.

What this looks like is disinvestment by other means: deregulation, spinning off obligations through at least partial privatization, "opening [public housing projects] up to other public and private sources of financing to meet their capital needs and ensure their long-term quality through … market discipline."

Yes, and then what? Obama's people at HUD say they are totally committed to public ownership and public housing, and aim only to secure its long-term funding. They may be totally sincere, but they act as if history doesn't have a way of thwarting even the best intentions, and as if there won't ever be another election. **CP**

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CounterPunch Exposé Prompts New Disclosures

The Spook School Program

By David Price

My recent *CounterPunch* exposé on the stealthy spread of Intelligence Community Centers of Academic Excellence (ICCAE) revealed how the CIA, NSA, FBI, and other intelligence agencies are now embedded on 22 U.S. university and college campuses. Since that exposé was published, there have been further important developments, some as a result of the initial story, others connecting a former ICCAE assistant director with accusations of political spying.

On January 25, as my *CounterPunch* story on ICCAE was going to press, James O'Keefe and three other individuals were arrested in connection with efforts to wiretap Democratic Sen. Mary Landrieu's office in the Hale Boggs Federal Building in downtown New Orleans. One of the individuals arrested was Stan Dai, who was arrested a few blocks away from Landrieu's office in a car with what the AP reported "a listening device that could pick up transmissions." Independent journalist Lindsay Beyerstein soon identified Dai as a former assistant director of Trinity Washington University's ICCAE program, which I had named in this newsletter as the very first campus to welcome ICCAE.

The extent of Dai's ongoing connections with intelligence agencies remains unclear, but last summer he gave a public talk on the topics of terrorism and torture at a multi-campus "CIA Day" student program in the Junior Statesmen of America's summer school. Dai's arrest makes him ICCAE's reluctant poster child, a status that belies ICCAE supporters' routine claim that the program is simply another federally funded academic program, essentially no different from funding programs like Fulbright, the National Science Foundation, or the Department of Agriculture. This claim is ludicrous: none of these other federally funded programs openly link scholars with military or intelligence agencies.

It should be no surprise that ICCAE personnel would be arrested in what appears to be a bungled black-bag operation. The history of American intelligence agencies is full of characters mixed up in harebrained misadventures, and when universities succumb to the economic pressures to bring ICCAE on campus, they need to know they are embracing ignoble institutional histories, packed with a motley cast of characters like E. Howard Hunt, G. Gordon Libby and Edwin Wilson. Given the CIA's well-documented history and university administrators' refusals to acknowledge that there are fundamental differences between intelligence agencies and universities, this state of denial guarantees we can expect to see more connections between ICCAE-linked personnel and all sorts of nefarious activities.

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Some ICCAE supporters have written to me, arguing that these campus intelligence centers are no different from the Cold War's language and area study center funding programs that provided funds for students and faculty to somewhat independently study languages and regions and topics of interest to the American National Security State. But Cold War language programs, like those funded by the 1958 National Defense Education Act, funded broad things like the study of Russian Language and Soviet culture and history (or, later, Latin American language and culture) in ways beneficial to the needs of state, without necessarily linking scholars to agencies in ways that so obviously limited scholarship. While there were instances where these programs covertly interfered with academic freedom, the extent that these programs funded critical anti-imperialist or Marxist scholarship demonstrates a break with present trends. These past programs created critical scholarship without frontloading academics with intelligence agencies' ideological institutional worldview in ways that ICCAE, or the Pat Roberts Intelligence Scholars Program, or the Intelligence Community Scholars Program do.

Alumni and professors at historically black colleges and universities are sending me accounts of the ways that ICCAE and other programs linked to the FBI and CIA are increasingly embedding themselves on these campuses as a way to increase minority recruitment for intelligence agencies. This correspondence shared concerns that Howard University and Miles College figured prominently on the list of new ICCAE institutions. One Howard alumnus who wrote me of various efforts to connect the campus with CIA personnel that have made Howard "CIA central"; while a Howard professor wrote me about the university's consortium relationship with Virginia Polytechnic Institute and State University, connecting the FBI, Homeland Security and the CIA with Howard faculty and students. He tells me that "these agencies would love to make connections with our students, and the amount of funds they can offer to students without financial means makes it difficult for many to say no." American intelligence agencies need radical overhauls, but moving the FBI and CIA onto historically black colleges and universities won't improve the situation. With the generational loss of memory of the roles these agencies played in the domestic and international suppression of minority power movements, one wonders if the FBI will try and sponsor a Fred Hampton Intelligence Scholarship, designed to recruit students from historically black colleges and universities.

The targeting of minority populations on campuses clarifies systemic problems with intelligence agencies trying to reform themselves. The United States never had anything like a truth and reconciliation commission to sort out past accountabilities for these agencies; in-

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stead, it has named the headquarters of our secret police after J. Edgar Hoover himself, in effect embracing the agency's links to Hoover's shameful practices. If the FBI and CIA want to use ICCAE as a front to set up shop on our campuses, they must be held publicly accountable for their own institutional past, but they have yet to produce a public history clarifying exactly where they break with past atrocities.

ICCAE's reach isn't limited to the 22 university campus program; ICCAE strives to indoctrinate and desensitize American youth early on – in campus upon campus across the country. Anthropologist Roberto González's research explores how ICCAE's university programs are but part of a larger project that also seeks to connect the spook world with American students in high school and even younger. In his forthcoming book, *Militarizing Culture*, González observes that the Office of the Director of National Intelligence's program plan encourages grantees to "consider coordinating summer camps for junior high students. … [They] should be at least one week in duration with high energy programs that excite participants." He also describes programs tailored especially for high-school students, such as Norfolk State's "simulation exercise, in which faculty asked Nashville-area high schoolers to locate ten simulated 'weapons of mass destruction' hidden in the city," and the University of Texas Pan American's high-school summer camp that featured talks "from speakers from intelligence community agencies, such as the CIA and FBI." González poses the question, "Couldn't these young people play a more constructive role in our society if they were aggressively recruited into careers in medicine, engineering, or education" rather than spy work?

Professors and graduate students from some of the 22 ICCAE campuses wrote me accounts of how ICCAE centers were brought to their campuses in modes similar to my descriptions of the University of Washington faculty's efforts to resist the administration's swift green light for ICCAE centers on campuses. In each case, faculty and student resistance was benignly acknowledged and then ignored by administrators hungry for a new source of federal funds. But not all campuses have been lulled into accepting the CIA's presence on campus. One reader forwarded me a humorous account from 2007, when students at UC Santa Barbara organized a group known as the Clandestine Insurgent Rebel Clown Army that attended campus CIA recruitment sessions and enacted a demonstration of waterboarding during the recruitment session. The CIA recruiters were unable to cope with the public display of agency practices and packed up and left the session.

Today's intelligence initiatives, bringing programs like ICCAE onto American campuses, are but one part of the growing acceptance of what anthropologist Catherine Lutz calls "the military normal," as the American military and intelligence state continues to grow in uninhibited ways that increasingly take over all facets of our culture.

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